

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6759

BILL NUMBER: SB 257

NOTE PREPARED: Jan 14, 2008

BILL AMENDED:

SUBJECT: Mechanic's Liens.

FIRST AUTHOR: Sen. Ford

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill establishes a State Construction Registry supervised by the Office of Technology to permit the electronic filing of a mechanic's lien and ancillary documents. It requires the office: (1) to contract with a third party to establish the construction registry; and (2) to establish appropriate user fees. The bill also sets forth filing deadlines and data base requirements. It makes other changes and conforming amendments.

Effective Date: January 1, 2009.

Explanation of State Expenditures: *Summary-* The Office of Technology will incur additional expenses to implement the bill's provisions. The Office's current level of resources and the ability to charge fees should be sufficient to implement the new State Construction Registry.

Background- *State Construction Registry Requirements* - The central database and repository is to be used for notices of commencement, preliminary notices, and notices of completion concerning construction projects. The bill requires the user to confirm the accuracy of the data entered. The database is required to enable searching by:

- (1) The name of the owner.
- (2) The name of the original contractor.
- (3) The name of the subdivision, development, or other project name.
- (4) The address of the project.
- (5) The lot or parcel number.

- (6) The unique project number assigned by the program.
- (7) Any other identifier selected by the Office to be necessary.

Filing Requirements - This bill sets forth filing requirements. Not later than 15 days after the issuance of a building permit, the owner-builder or an original contractor of a construction project must file a notice of commencement with the Office and pay the applicable filing fee, set by the Office. A subcontractor must file a preliminary notice not later than 20 days after the commencement of the subcontractor's own work *or* 20 days after the notice of commencement has been filed with the Office.

Upon final completion of a construction project, an owner-builder or an original builder must file a notice of completion with the Office. Additionally, a lender that has provided financing for the project, a surety that has provided bonding, or a title company issuing a policy on the construction project may file a notice of completion.

Any person making a filing under this bill is entitled to receive notice of when a commencement notice, a preliminary notice, and a notice of completion is filed. Notice is to be given electronically or alternatively. The person is required to provide the Office with the appropriate contact information, which includes an email address, a mailing address, or a fax number.

Explanation of State Revenues: The bill allows the Office to adopt a schedule of fees to meet the costs associated with the provisions of this bill. However, any increase in revenue would be offset by the additional expenditures incurred.

Explanation of Local Expenditures: The county recorders' offices will experience a decrease in expenditures as they will no longer be required to file and record mechanic's liens. Liens filed at the county level prior to the effective date of this bill will remain on file at the county recorder's office.

Explanation of Local Revenues: The county recorders' offices will also experience a decrease in revenue as they will no longer be collecting fees associated with the filing of mechanic's liens. The exact fiscal impact is unknown but would most probably be proportionate to the reduction in local expenditures.

State Agencies Affected: The Office of Technology.

Local Agencies Affected: All.

Information Sources:

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